

For All Territory Served By
Cooperative's Transmission System
P.S.C.KY.NO. 23

First Revised SHEET NO. 71

Big Rivers Electric Corporation
(Name of Utility)

CANCELLING P.S.C.KY.NO. 23

Original SHEET NO. 71

RULES AND REGULATIONS

16. ENVIRONMENTAL SURCHARGE:

Applicability:

To all Big Rivers Electric Corporation's ("Big Rivers") Members.

Availability:

The Environmental Surcharge ("ES") is a mandatory rider to all sales by Big Rivers to its Members, including Base Energy sales to the Smelters under the two Wholesale Electric Service Agreements each dated as of July 1, 2009, between Big Rivers and Kenergy with respect to service by Kenergy to the Smelters, but excluding (i) Supplemental and Back-Up Energy sales to the Smelters under those two agreements, and (ii) Backup Power Service and Energy Imbalance Service to Kenergy for Domtar Paper Company, LLC (in the aggregate, "Jurisdictional Sales").

(T)

Rate:

The ES shall provide for monthly adjustments based on a charge per kWh equal to the difference between the environmental compliance costs in the base period and in the current period based on the following formula:

$$\text{CESF} = \text{Net Jurisdictional E(m)/Jurisdictional S(m)}$$

(T)

$$\text{MESF} = \text{CESF} - \text{BESF}$$

MESF = Monthly Environmental Surcharge Factor

CESF = Current Environmental Surcharge Factor

BESF = Base Environmental Surcharge Factor of \$0.00000/kWh

Where E(m) is the total of each approved environmental compliance plan revenue requirement of environmental costs for the current expense month and S(m) is the kWh sales for the current expense month as set forth below.

DATE OF ISSUE December 17, 2010

DATE EFFECTIVE July 17, 2009

ISSUED BY Mark C. T. Benley Big Rivers Electric Corporation, 201 3rd St., Henders
(Signature of Officer)

KENTUCKY
PUBLIC SERVICE COMMISSION

JEFF R. DEROUEN
EXECUTIVE DIRECTOR

TARIFF BRANCH

Brent Kirtley

EFFECTIVE

7/17/2009

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

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Definitions:

(1) $E(m) = OE - BAS$ (T)

Where:

(a) OE represents the Monthly Pollution Control Operating Expenses, defined as the operating and maintenance expense and emission allowance expense of approved environmental compliance plans; and (T)

(b) BAS is the net proceeds from By-Products and Emission Allowance Sales. (T)

(2) Total $E(m)$ is multiplied by the Jurisdictional Allocation Ratio to arrive at Jurisdictional $E(m)$. The Jurisdictional Allocation Ratio is the ratio of the kWh Jurisdictional Sales to which the ES will be applied for the current expense month, divided by the sum of kWh of (i) Jurisdictional Sales, (ii) off-system sales, (iii) Supplemental and Back-Up sales to the Smelters, and (iv) Backup Power Service and Energy Imbalance Service to Kenergy for Domtar Paper Company, LLC for the current expense month. (T)

(3) Jurisdictional $E(m)$ is adjusted for Over/(Under) Recovery and, if ordered by the Public Service Commission, a Prior Period Adjustment to arrive at Net Jurisdictional $E(m)$. (T)

(4) The current expense month (m) shall be the second month preceding the month in which the ES is billed. (T)

DATE OF ISSUE December 17, 2010

DATE EFFECTIVE July 17, 2009

ISSUED BY Mark A. Bulg Big Rivers Electric Corporation, 2013rd St., Henderson, KY 42420
(Signature of Officer)

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